

Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 IO-13 ISO-00 XMB-02 AGR-05 CEA-01

CIAE-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

AGRE-00 /107 W

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R 081415Z SEP 76

FM AMEMBASSY ROME

TO SECSTATE WASHDC 9839

TREASURY DEPT WASHDC

INFO USMISSION GENEVA

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PASS EXIMBANK

E.O. 11652: N/A

TAGS: ETRD, EFIN, GATT, IT

SUBJECT: EXPORT INFLATION INSURANCE

REF: A. STATE 217984, B. 75 ROME 4124

1. ITALIAN OFFICIALS PROVIDED FOLLOWING INFORMATION IN ANSWER
TO QUESTIONS IN REFTEL A:

2. AS OF JUNE 1976, ABOUT 3 BILLION LIRE HAVE BEEN PAID ON
CLAIMS UNDER INFLATION INSURANCE SCHEME, AS COMPARED WITH THE
50 MILLION LIRE REPORTED (REFTEL B) AS OF MARCH 1975.

3. AS TO NET COST OF PROGRAM, OFFICIALS STATED IT WAS "NOT
PROFITABLE," BUT GAVE NO FIGURES.

4. ITALIAN EXPORT CREDIT AGENCY (INA) IS AT PRESENT RUNNING A
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DEFICIT, WHICH IS COVERED BY THE TREASURY. SINCE LOSSES ON THE

INFLATION INSURANCE PROGRAM CONTRIBUTE TO INA'S OVERALL DEFICIT,
THEY ARE IN SENSE MADE UP BY GENERAL BUDGET FUNDS.

5. THE PROGRAM WAS NOT SIGNIFICANTLY USED IN CONNECTION WITH
THE EXPORT OF SERVICES, BUT MAINLY CAPITAL GOODS EXPORTS.

6. A CHANGE IS IMMINENT IN THE RANGE OF INFLATION COSTS FOR
WHICH CLAIMS WILL BE ALLOWED. AT PRESENT THE RANGE IS FROM 5
TO 15 PERCENT. THAT IS, GIVEN AN INFLATION COST OF 5 PERCENT,
A CLAIM OF 1 PERCENT IS ALLOWED; FOR 15 PERCENT, A CLAIM OF 10
PERCENT, WHICH IS THE MAXIMUM, IS ALLOWED. A NEW REGULATION IS
EXPECTED TO BE IN EFFECT BY OCTOBER 1 THAT WILL SHIFT THE PERTINENT
RANGE TO 10 TO 20 PERCENT; THAT IS, NO CLAIM WILL BE ALLOWED FOR
INFLATION COSTS UNDER 10 PERCENT. THE INTENDED EFFECT OF THE
NEW REGULATION WOULD BE A REDUCTION IN THE AMOUNT OF FUTURE CLAIMS
PAID UNDER THE SCHEME.BEAUDRY

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Message Attributes

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Disposition Authority: ShawDG
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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